



House of Representatives

General Assembly

File No. 89

January Session, 2007

House Bill No. 7004

House of Representatives, March 20, 2007

The Committee on Banks reported through REP. BARRY of the 12th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT PROMOTING INVESTMENT WITH FEDERAL CREDIT UNIONS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 3-24j of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective from passage*):

3 As used in sections [3-24h] 3-24k and 3-24l:

4 (1) "Community bank" means a bank that is domiciled in this state
5 and has assets of not more than five hundred million dollars; and

6 (2) "Community credit union" means a [community credit union, as
7 defined in section 36a-37, which has assets of not more than five
8 hundred million dollars] Connecticut credit union or federal credit
9 union that has at least ten million dollars but not more than five
10 hundred million dollars in total assets and the membership of which is
11 limited to persons within a well-defined community, neighborhood or
12 rural district as provided in subsection (a) of section 36a-438a.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>from passage</i>	3-24j
-----------	---------------------	-------

BA *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect
Treasurer	GF - See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

Under current law, the Treasurer is permitted to invest up to \$100 million of General Fund cash reserves in community banks and community credit unions. HB 7004 expands the list of approved institutions to include federally chartered credit unions. This provision may result in an increase in the state's investment earnings if increasing the number of financial institutions competing for the state's deposits results in higher rates of return on those deposits.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**HB 7004*****AN ACT PROMOTING INVESTMENT WITH FEDERAL CREDIT UNIONS*****SUMMARY:**

This bill makes certain federal credit unions eligible for funds that the state treasurer may make available under a program to provide funding to community financial institutions. Under current law, she can establish a program under which she may, based on cash availability, make available up to \$100 million for investment in community banks and community credit unions. The law defines a "community credit union" as a Connecticut credit union with assets between \$10 million and \$500 million and membership limited to people in a well-defined community, neighborhood, or rural district. The bill changes the definition of community credit union to include a federal credit union that meets the same asset and membership limit requirements.

EFFECTIVE DATE: Upon passage

COMMITTEE ACTION

Banks Committee

Joint Favorable

Yea 18 Nay 0 (03/06/2007)